

August 12, 2010

Randy Sekany
President
San Jose Fire Fighters, IAFF, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

Re: Negotiations with the San Jose Fire Fighters

Dear Randy:

This letter is in response to your request for information regarding the 8.91% reduction in total compensation and your email indicating that the City's request will be presented to the Local 230 membership.

As we indicated during our meeting on August 4th and in our letter dated August 4th that we provided to you during our meeting, this reduction in personnel costs would allow the City to hire back the 49 firefighters that were recently laid off and put the Fire Truck and four Fire Engines back in service. We remain hopeful that the Local 230 membership is willing to agree to this sacrifice in order to help the City through this extremely difficult economic time.

We recognize that an 8.91% reduction in total compensation is a sacrifice. However, that sacrifice would allow the City to hire back the 49 firefighters and restore the Fire Truck and four Fire Engines. The 8.91% reduction is less than the 10% reduction that approximately 1800 City employees and officials have taken in order to save City services and jobs.

If the membership agrees to take an 8.91% reduction in total compensation, the City will immediately negotiate with Local 230 on the combination of pay and benefit reductions that would total an 8.91% reduction, including the portion that is one-time and the portion that would be on-going. The reductions would need to result in \$10.633 million of verifiable savings this fiscal year. However, the portion of the savings that are one-time would only restore the services and jobs through June 30, 2011. For this reason, we ask Local 230 to consider making the reductions on-going so that the services and jobs can be restored on an on-going basis. In addition, as we've discussed, the agreement with Local 230 would need to include the transition to fully pre-fund retiree healthcare benefits, as the City has proposed, effective as soon as the agreement is ratified by the membership and approved by the City Council.

You requested a compensation profile for each rank and step within each rank, similar to the document we previously provided to Local 230. We had prepared that document at your request in order to provide an example of a 10% reduction in total compensation for a top step firefighter. In response to your recent request related to the 8.91% reduction in total compensation, we have prepared the current total compensation costs for each rank at top step base pay. (Please see enclosed documents.) Our records indicate that approximately 70% of employees represented by Local 230 are at the top step base pay of their rank. For comparison, we have also included the total compensation costs after an 8.91% reduction in total compensation costs.

Please note that the enclosed total compensation profiles assume that the 8.91% reduction comes as a base pay reduction. The specific combination of pay and benefit reductions that are negotiated to equal the 8.91% total compensation reduction will vary from the enclosed profiles. Also, an individual's cash compensation will vary since an employee's pay check varies depending on overtime and particular premium/special pays an employee receives, in addition to healthcare and deferred compensation decisions an employee makes.

We are hopeful that the membership will accept an 8.91% reduction in total compensation in order to restore the Fire Department services to the community that have been eliminated and rehire the 49 firefighters that have been laid off.

We look forward to hearing back from you as soon as possible.

Sincerely,



Alex Gurza
Director of Employee Relations

Enclosures

c: Jeff Welch, Local 230 Vice President
Juan Diaz, Local 230 Representative
Soren Coats, Local 230 Representative
Chris Platten, Local 230 Legal Counsel
Teresa Reed, Assistant Fire Chief
Aracely Rodriguez, City Negotiating Team Member
Marcus Hermanson, City Negotiating Team Member

**San Jose Fire Fighters, IAFF, Local 230
2010-2011 Total Compensation Profile**

TOP STEP FIRE FIGHTER¹

	Current Compensation	After 8.91% Total Compensation Reduction²
Base Pay	\$98,238	\$88,758
Holiday-In-Lieu (5.623%)	\$5,524	\$4,991
Anti-Terrorist Training Pay (2.00%)	\$1,965	\$1,775
Education and Training	\$910	\$910
EMT	\$2,947	\$2,663
Uniform Allowance	\$495	\$495
Total Cash Compensation³	\$110,079	\$99,592
Retirement Contribution (44.16%)	\$46,689	\$42,184
Unemployment Insurance ⁴	\$747	\$675
Health Insurance ⁵	\$13,016	\$13,016
Dental Insurance (PPO) ⁵	\$1,271	\$1,271
Life Insurance	\$24	\$24
EAP	\$253	\$253
Other Benefits	\$62,000	\$57,423
Total Pay and Benefits⁶	\$172,079	\$157,015
Cost of 10% Total Compensation	\$17,208	
Total Compensation Savings		\$15,065
% of Total Compensation Savings		8.75%

Notes and Comments

¹ Fire Fighter classification is eligible for overtime.

² Assumes 8.91% Total Compensation is taken off of base pay

³ Does not include premium pays or FLSA overtime for employees on a 56hr work week based on their regular schedule.

⁴ Unemployment Insurance rate increased from 0.31% to 0.76% of payroll

⁵ Assumes employee is enrolled in family health and dental.

⁶ Does not include value of paid sick leave and paid vacation leave.

**San Jose Fire Fighters, IAFF, Local 230
2010-2011 Total Compensation Profile**

TOP STEP FIRE ENGINEER¹

	Current Compensation	After 8.91% Total Compensation Reduction²
Base Pay	\$109,366	\$98,813
Holiday-In-Lieu (5.623%)	\$6,150	\$5,556
Anti-Terrorist Training Pay (2.00%)	\$2,187	\$1,976
Education and Training	\$910	\$910
EMT	\$2,947	\$2,663
Uniform Allowance	\$495	\$495
Total Cash Compensation³	\$122,056	\$110,413
Retirement Contribution (44.16%)	\$51,978	\$46,962
Unemployment Insurance ⁴	\$831	\$751
Health Insurance ⁵	\$13,016	\$13,016
Dental Insurance (PPO) ⁵	\$1,271	\$1,271
Life Insurance	\$24	\$24
EAP	\$253	\$253
Other Benefits	\$67,374	\$62,277
Total Pay and Benefits⁶	\$189,429	\$172,690
Cost of 10% Total Compensation	\$18,943	
Total Compensation Savings		\$16,739
% of Total Compensation Savings		8.84%

Notes and Comments

¹ Fire Engineer classification is eligible for overtime.

² Assumes 8.91% Total Compensation is taken off of base pay

³ Does not include premium pays or FLSA overtime for employees on a 56hr work week based on their regular schedule.

⁴ Unemployment Insurance rate increased from 0.31% to 0.76% of payroll

⁵ Assumes employee is enrolled in family health and dental.

⁶ Does not include value of paid sick leave and paid vacation leave.

**San Jose Fire Fighters, IAFF, Local 230
2010-2011 Total Compensation Profile**

TOP STEP FIRE PREVENTION INSPECTOR¹

	Current Compensation	After 8.91% Total Compensation Reduction²
Base Pay	\$114,837	\$103,755
Holiday-In-Lieu (5.623%)	\$6,457	\$5,834
Anti-Terrorist Training Pay (2.00%)	\$2,297	\$2,075
Education and Training	\$910	\$910
EMT	\$2,947	\$2,663
Uniform Allowance	\$495	\$495
Total Cash Compensation³	\$127,943	\$115,732
Retirement Contribution (44.16%)	\$54,578	\$49,311
Unemployment Insurance ⁴	\$873	\$789
Health Insurance ⁵	\$13,016	\$13,016
Dental Insurance (PPO) ⁵	\$1,271	\$1,271
Life Insurance	\$24	\$24
EAP	\$253	\$253
Other Benefits	\$70,015	\$64,664
Total Pay and Benefits⁶	\$197,958	\$180,396
Cost of 10% Total Compensation	\$19,796	
Total Compensation Savings		\$17,562
% of Total Compensation Savings		8.87%

Notes and Comments

¹ Fire Prevention Inspector classification is eligible for overtime.

² Assumes 8.91% Total Compensation is taken off of base pay

³ Does not include premium pays or FLSA overtime for employees on a 56hr work week based on their regular schedule.

⁴ Unemployment Insurance rate increased from 0.31% to 0.76% of payroll

⁵ Assumes employee is enrolled in family health and dental.

⁶ Does not include value of paid sick leave and paid vacation leave.

**San Jose Fire Fighters, IAFF, Local 230
2010-2011 Total Compensation Profile**

TOP STEP ARSON INVESTIGATOR¹

	Current Compensation	After 8.91% Total Compensation Reduction²
Base Pay	\$119,933	\$108,359
Holiday-In-Lieu (5.623%)	\$6,744	\$6,093
Anti-Terrorist Training Pay (2.00%)	\$2,399	\$2,167
Education and Training	\$910	\$910
EMT	\$2,947	\$2,663
Uniform Allowance	\$495	\$495
Total Cash Compensation³	\$133,427	\$120,687
Retirement Contribution (44.16%)	\$57,000	\$51,499
Unemployment Insurance ⁴	\$911	\$824
Health Insurance ⁵	\$13,016	\$13,016
Dental Insurance (PPO) ⁵	\$1,271	\$1,271
Life Insurance	\$24	\$24
EAP	\$253	\$253
Other Benefits	\$72,476	\$66,887
Total Pay and Benefits⁶	\$205,903	\$187,574
Cost of 10% Total Compensation	\$20,590	
Total Compensation Savings		\$18,329
% of Total Compensation Savings		8.90%

Notes and Comments

¹ Arson Investigator classification is eligible for overtime.

² Assumes 8.91% Total Compensation is taken off of base pay

³ Does not include premium pays or FLSA overtime for employees on a 56hr work week based on their regular schedule.

⁴ Unemployment Insurance rate increased from 0.31% to 0.76% of payroll

⁵ Assumes employee is enrolled in family health and dental.

⁶ Does not include value of paid sick leave and paid vacation leave.

**San Jose Fire Fighters, IAFF, Local 230
2010-2011 Total Compensation Profile**

TOP STEP FIRE CAPTAIN¹

	Current Compensation	After 8.91% Total Compensation Reduction²
Base Pay	\$125,882	\$113,734
Holiday-In-Lieu (5.623%)	\$7,078	\$6,395
Anti-Terrorist Training Pay (2.00%)	\$2,518	\$2,275
Education and Training	\$910	\$910
EMT	\$2,947	\$2,663
Uniform Allowance	\$495	\$495
Total Cash Compensation³	\$139,830	\$126,472
Retirement Contribution (44.16%)	\$59,827	\$54,054
Unemployment Insurance ⁴	\$957	\$864
Health Insurance ⁵	\$13,016	\$13,016
Dental Insurance (PPO) ⁵	\$1,271	\$1,271
Life Insurance	\$24	\$24
EAP	\$253	\$253
Other Benefits	\$75,348	\$69,482
Total Pay and Benefits⁶	\$215,178	\$195,954
Cost of 10% Total Compensation	\$21,518	
Total Compensation Savings		\$19,224
% of Total Compensation Savings		8.93%

Notes and Comments

¹ Fire Captain classification is eligible for overtime.

² Assumes 8.91% Total Compensation is taken off of base pay

³ Does not include premium pays or FLSA overtime for employees on a 56hr work week based on their regular schedule.

⁴ Unemployment Insurance rate increased from 0.31% to 0.76% of payroll

⁵ Assumes employee is enrolled in family health and dental.

⁶ Does not include value of paid sick leave and paid vacation leave.

**San Jose Fire Fighters, IAFF, Local 230
2010-2011 Total Compensation Profile**

TOP STEP BATTALION CHIEF¹

	Current Compensation	After 8.91% Total Compensation Reduction²
Base Pay	\$157,602	\$142,393
Holiday-In-Lieu (5.623%)	\$8,862	\$8,007
Anti-Terrorist Training Pay (2.00%)	\$3,152	\$2,848
Education and Training	\$910	\$910
EMT	\$2,947	\$2,663
Uniform Allowance	\$495	\$495
Total Cash Compensation³	\$173,968	\$157,315
Retirement Contribution (44.16%)	\$74,902	\$67,674
Unemployment Insurance ⁴	\$1,198	\$1,082
Health Insurance ⁵	\$13,016	\$13,016
Dental Insurance (PPO) ⁵	\$1,271	\$1,271
Life Insurance	\$24	\$24
EAP	\$253	\$253
Other Benefits	\$90,665	\$83,321
Total Pay and Benefits⁶	\$264,632	\$240,636
Cost of 10% Total Compensation	\$26,463	
Total Compensation Savings		\$23,996
% of Total Compensation Savings		9.07%

Notes and Comments

¹ Battalion Chief classification is eligible for overtime.

² Assumes 8.91% Total Compensation is taken off of base pay

³ Does not include premium pays or FLSA overtime for employees on a 56hr work week based on their regular schedule.

⁴ Unemployment Insurance rate increased from 0.31% to 0.76% of payroll

⁵ Assumes employee is enrolled in family health and dental.

⁶ Does not include value of paid sick leave and paid vacation leave.